



GROWTH ANALYSIS OF THE FUND WISE INVESTMENT OF THE LIC

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ABSTRACT

The most important life insurance company in India is the Life Insurance Corporation of India (LIC). This life insurance company collects the massive funds from household sectors to mobilize the savings into Indian economy and invests in traditional products and Unit Linked products in Indian financial markets. In this paper, growth of fund wise investments of the LIC is analyzed to show the growth of fund wise investments. The paper finds that average growth 87.54 % of the ULIP fund is more than the average growth of 14.12 % of life fund and 21.30 % of pension & general annuity & group fund during the study period 2004-2005 to 2012-2013.

KEYWORDS: Life Fund, Pension & General Annuity & Group Fund, ULIP Fund and IRDA.

INTRODUCTION:

Life Insurance Corporation of India (LIC) is the life insurance business leader in life insurance business in India. The vital role of the LIC is to mobilize the savings of household sectors into different investment instruments in Indian economy. The annual savings of LIC after paying all expenses is grown the massive funds that influence the investment portfolio of the life insurance business. As per IRDA regulations, this surplus fund is invested by the LIC in traditional products (Life Fund, Pension & General Annuity and Group Fund) and in Unit Linked products (ULIP Fund) to serve larger economic development and social interest with optimization of the return on investment with safety & security of the funds for the policyholders. This paper analyses the growth of fund wise investments of the LIC using year wise growth analysis.

REVIEW ON LITERATURE:

Some literatures, articles and library resources related to this paper have been studied below, to find the data for the growth and performance of the fund wise investment of LIC for the period 2004-2005 to 2012-2013.

- Gupta (2003), Bhole (2004), Khan (2006), Pathak (2006) and Saha (2013) in their books explained mainly insurance funds, investments pattern and growth of life fund, insurance Act, 1938, investments policy, policy bonus and insurance growth statistics.
- Kumar (1994) edited in book, Trust with Trust, on the insurance Act, 1938, nationalization of insurance, Act 1968, investments policy, policy bonus and insurance growth statistics.
- Kumar and Kumari (2012) in their article, A Comparative Study on Public vs. Private Sector in Life Insurance in India, stated insurance density and penetration, gross direct premium, total insurance premium, market share of different private players.
- Noronh (2012) in his article, A Comparative Study of Cost Efficiency Score of Life Insurance Companies in India, discussed life insurance sector in India, international comparison of life insurance and cost efficiency Score.

- Palande, Shah and Lunawat (2003) in their book, Insurance in India Changing Policies and Emerging Opportunities, discussed the special position of insurance in the Indian economy, influence of global markets, growth and development of Indian insurance industry.
- Rajendran and Natarajan (2009) in his article, The Impact of LPG on Life Insurance Corporation of India (LIC), revealed pre-independence scenario, post- nationalization trend of life insurance, growth of life insurance and trend analysis of life business.
- Singh and Singh (2011) in his article, An Empirical Analysis of Life Insurance Industry in India, discussed position of Indian life insurance industry in the pre-LPG Era, progress of Indian Life Insurance Industry in the post-LPG Era, total life insurance premium.

OBJECTIVE OF THE STUDY:

The objective of the present paper is to make a growth study of the fund wise investments.

DATA AND METHODOLOGY:

The present study is exploratory in nature. The data for the period 2004-2005 to 2012-2013 are secondary in nature and is collected from the books, annual reports of LIC & IRDA. The growth and chart are used in this study to show the growth and performance of fund wise investments. Excel 2007 is used to analyze the data.

RESULT AND DISCUSSION:

Growth Analysis of Fund Wise Investments:

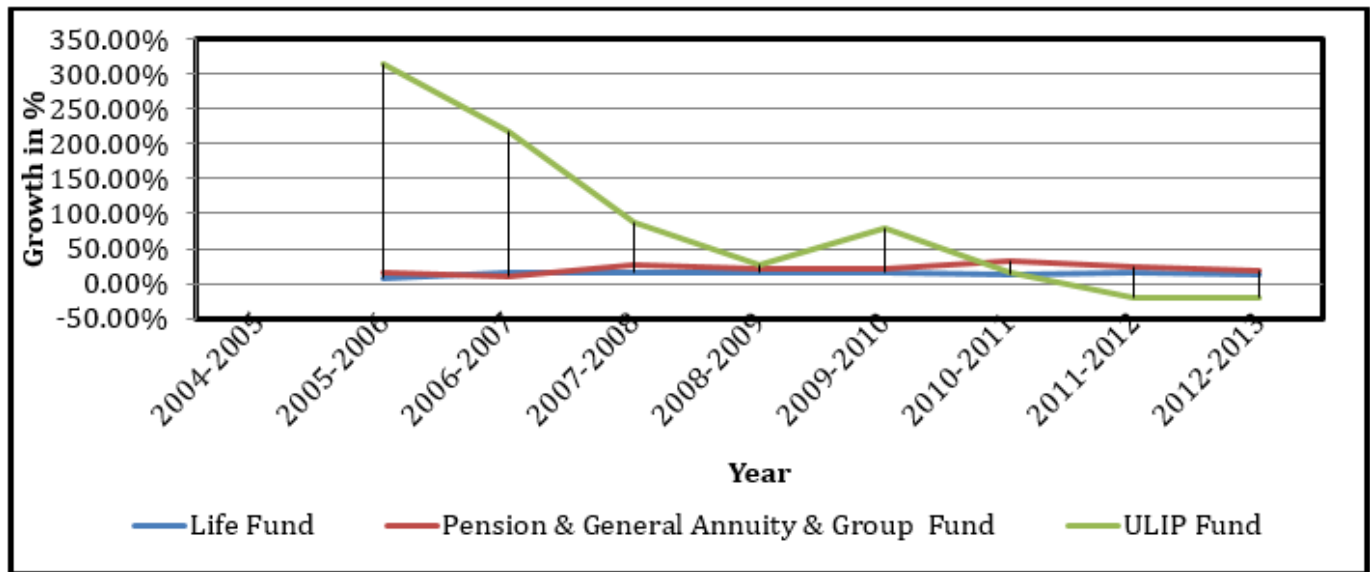
Fund wise investment is maintained after making of revenue and capital expenditure of life insurance business of the LIC. These funds are Life Fund, Pension & General Annuity & Group Fund and ULIP Fund. These three funds are invested in different investment instruments in different sectors in Indian economy. The development of three funds goes with the development of financial market of India. As per IRDA regulation portfolio of investment of these funds has been changed from time to time on the basis of government's decision for the betterment of Indian economy with maximum safety & security of policyholders. Fund wise analysis of different funds of the LIC is analyzed here:

Table 1: Growth of Fund Wise Investment

Year (As on 31 st March)	Life Fund (Rs. in Crore)	Growth (%)	Pension & General Annuity & Group Fund (Rs. in Crore)	Growth (%)	ULIP Fund (Rs. in Crore)	Growth (%)
2004-2005	361428.90	--	54101.45	--	2758.67	--
2005-2006	389447.50	7.75%	62895.17	16.25%	11428.45	314.27%
2006-2007	453440.10	16.43%	69508.27	10.51%	36252.24	217.21%
2007-2008	522984.80	15.34%	87744.22	26.24%	67673.64	86.74%
2008-2009	606487.00	15.97%	107134.60	22.1%	85971.69	27.04%
2009-2010	699475.50	15.33%	130884.80	22.17%	154667.80	79.91%
2010-2011	798291.00	14.13%	173281.80	32.4%	177016.40	14.45%
2011-2012	914614.10	14.57%	212753.60	22.78%	141702.80	-19.95%
2012-2013	1037656.00	13.45%	251011.36	17.98%	114323.60	-19.32%
Average Growth	--	14.12%	--	21.30%	--	87.54%

Source: IRDA

Chart 1: Growth of Fund Wise Investment



Source: Based on Table-I

FINDINGS:

The Table-I and Chart-I show that the average growth 87.54 % of the ULIP Fund is more than the average growth of 14.12 % of Life Fund and 21.30 % of Pension & General Annuity & Group Fund during the study period.

CONCLUSION:

In this study, growth of life fund and Pension & General Annuity & Group Fund during the study period is growing progressively but this growth of ULIP Fund is decreasing during the study period. In the long run, the ULIP Fund doesn't make expected growth on its investment in unit linked products. The average growth 87.54 % of ULIP Fund actually is for massive investment in the initial period of the study.

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